

ORIGINALDecision No. 69719

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PASADENA CITY LINES, INC. requesting authority to make certain changes in and reduction of service.))))	Application No. 47580 (Filed May 11, 1965)
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John W. Holmes, for Pasadena City Lines,
Inc., applicant.

William H. T. Holden, for East Altadena
Improvement Association, Inc.,
protestant.

George Knox Roth, for Constructive Civic
Committee of Pasadena, protestant.

Wendell R. Thompson and Fred Metheny,
for the City of Pasadena, interested
party.

Floyd Fugit, for the Brotherhood of
Railroad Trainmen, interested party.

Robert S. Korach, for the Southern
California Rapid Transit District,
interested party.

B. A. Peeters and Fred Ballenger, for
the Transportation Division of the
Commission's staff.

O P I N I O N

Pasadena City Lines, Inc., operates a common carrier passenger stage service within and between the City of Pasadena and adjacent cities and communities. By this application it seeks authority to make changes in its routes and reductions in its service.

Public hearings on the application were held before Examiner Abernathy at Pasadena on June 14 and 15 and on July 7 and 8, 1965. Evidence in support of the application was presented

by applicant's president, vice president, accountant, and superintendent of transportation. A number of applicant's patrons testified. Representatives of the Commission's staff participated in the development of the record. The matter was taken under submission with the receipt of late-filed exhibits on July 21, 1965.

Applicant alleges that the changes which it seeks to make in routes and service are needed to enable it to meet operating losses. According to exhibits and testimony which were presented by applicant's witnesses, applicant's traffic has been declining, whereas its expenses have been increasing. Applicant reports that as a consequence of these circumstances, its financial results of operations for the first six months of 1965 were as follows:

Revenues	\$421,917
Expenses	<u>442,085</u>
Loss	\$ 20,168

By its proposals, applicant seeks to combine and/or revise some of its routes, to discontinue operations over one route, to provide reduced service on New Year's Day, Washington's Birthday and Veterans' Day, and to discontinue service on Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas. Applicant's witnesses presented evidence to show that the public usage of the services which it seeks to reduce or discontinue is not sufficient to justify the continuance of said services. By realigning or combining some of its routes, applicant seeks to make its service more attractive to the public generally and to generate additional traffic thereby. It estimates

that if the sought changes are put into effect, its operations for the year ending with June, 1966, will result in a loss of \$20,348; that if the changes are not made, its loss for the same period will be \$60,194.

The authorization of the sought service reductions was opposed by a number of applicant's patrons on the grounds that with said reductions in effect, the patrons will be required to walk farther to avail themselves of applicant's services, or that they will be left without public transportation other than taxis. Much of the opposition centered about applicant's proposal to discontinue operations over a route which is designated as the Craig-Washington line. Applicant's patrons asserted that with the discontinuance of this line the distances which they would have to walk for alternate service would be excessive. They also asserted that the alternative services would require travel over unduly circuitous routes in many instances.

Discussion

It would appear from applicant's showing in this matter that authorization of the route and services changes which are sought would enable applicant to reduce its expenses by about \$40,000 during the coming year. The showing is convincing that applicant faces a pressing need to effect all possible reductions in expenses in order to reduce serious operating losses. However, it appears that, in presuming that savings of about \$40,000 during the coming year can be accomplished through the service changes sought herein, applicant has not correctly evaluated its prospective operating results either with regard to its total operations

or with regard to its service over its Craig-Washington line. As to applicant's total operations, the record is clear that the prospective losses therefrom are substantially more than those predicted by applicant. Taking into consideration the reported 7 per cent downward trend in traffic, applicant's revenue estimates by quarters for the year ending with June, 1966, total \$782,959. If the level of applicant's expenses for the year is no greater proportionately than for the first six months of 1965, applicant's expenses (other than those applicable to charter operations) will be \$883,492.^{1/} Hence it appears that applicant's prospective operating loss for the year through June, 1966, is \$100,533. Estimated financial operating results by each of applicant's eight routes are as follows:

Pasadena City Lines
Estimated Results of Operation -- Present Fares and Service
Year through June, 1966

<u>Route</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Gain or (Loss)</u>
1	\$213,716	\$221,279	\$ (7,563)
2	154,478	176,301	(21,823)
3	219,103	189,898	29,205
4	72,447	84,700	(12,253)
5	45,772	69,292	(23,520)
6	17,429	45,270	(27,841)
7	41,481	56,437	(14,956)
8	<u>18,533</u>	<u>40,315</u>	<u>(21,782)</u>
	\$782,959	\$883,492	\$ (100,533)

^{1/} Applicant's charter services account for about two-tenths per cent of its total revenues.

Applicant's estimate that the proposed route and service changes would permit a reduction of about \$40,000 in its losses for the coming year was developed mainly on the saving in miles of operation which would result from discontinuance of the Craig-Washington (No. 8) line. This estimate is erroneous in that it does not take into account gross revenues of about \$18,000 which applicant receives from its operations over the Craig-Washington line. As the above table shows, the potential saving on a fully allocated cost basis from discontinuance of the No. 8 line would not be more than \$22,000 annually. Since applicant's losses, as indicated above, are presently at the rate of more than \$100,000 a year, it is obvious that said losses far transcend any relief which applicant is seeking in this proceeding.

Some improvement in applicant's earning position may be attained through a reduction in administrative expenses to conform to an amount which the Commission has heretofore found reasonable for the applicant's operations. Applicant's present charges for administrative salaries are at the rate of about \$30,000 a year. In Decision No. 68121, dated October 27, 1964, the Commission adopted an amount of \$12,800 as a reasonable estimate of the amount to be charged to operating expense for the salaries of the general officers.

However, even with the indicated adjustment of general officers' salaries, the record is clear that applicant's losses are at a rate that cannot be long sustained. Applicant's net worth, as set forth in its balance sheet as of June 30, 1965, is

shown as \$194,000. Obviously, applicant faces a substantial impairment of its capital unless its losses can soon be overcome.

The real solution to applicant's losses, it appears, lies in an increase in public support of applicant's operations, either directly or indirectly. Lacking the public support which is necessary, applicant will have but little alternative to pursuing further reductions in service or to seeking increases in fares, or both. In the final analysis, the choice as to service and fares -- whether present service will be maintained or curtailed, and whether present fares are to be retained or increased -- rests with the cities and communities served by applicant. In view of the extent of applicant's losses, the choice to be made obviously cannot be long deferred.

On this record, we find that, with the exception of the discontinuance of the Craig-Washington line, the changes which applicant seeks to make in its routes and services have been justified. Said changes will be authorized. Applicant's service over the Craig-Washington line should be retained temporarily on a modified basis in order to permit the cities and communities which applicant serves to initiate such action as they wish to take towards retention of applicant's fares and services at a level that can be maintained.

Pending further consideration of applicant's services (and/or fares) that may be given at a later date, applicant should be permitted to effect some reductions in service over its Craig-Washington line.^{2/} One change which applicant proposes to make in routing of its No. 5 line north of Washington Boulevard in the

7/ Applicant indicated that it is intending to file soon an application for authority to effect a general increase in its fares.

Altadena area would substantially duplicate service which is now being provided by the Craig-Washington line. We find that continuance of service north of Washington Boulevard by the latter line is not required by public convenience and necessity. The elimination of said service will be authorized. Another service change which should be authorized is in the number of schedules being operated. At present applicant's operations over the Craig-Washington line are being conducted from about 7 a.m. to 6:30 p.m. daily with the exception of Sunday. Travel reports which applicant submitted show that the majority of the patrons of the Craig-Washington line travel during the late morning and afternoon hours. It appears that one round trip per hour from about 9 a.m. to 5 p.m. daily, with the exception of Sunday, would provide sufficient service to meet the needs of said majority. Adjustment of applicant's schedules accordingly will be authorized.^{3/}

The foregoing changes in service over the Craig-Washington line are intended to preserve essential service and yet permit all possible economies toward minimizing present losses. However, even with such changes, it appears that the service which would be continued would not return the out-of-pocket costs thereof. As a further step, an increase in applicant's fares over the Craig-Washington line should be authorized. Applicant's present fare is 20 cents cash, or 16-2/3 cents token (6 tokens, \$1.00). In order that applicant may realize sufficient revenues to approximate its out-of-pocket costs, a fare of 25 cents should be established for

^{3/} Applicant proposes no changes in its school service.

travel over the Craig-Washington line. We find such fare to be justified. It will be authorized.^{4/}

It should be emphasized that the retention of service on the Craig-Washington line and the fare increase which is authorized for said line should be regarded as a temporary measure to enable applicant to make a reappraisal of its operations in relation to such increased support as the cities and communities which applicant serves may provide.^{5/} If, after a trial period of ninety days, applicant deems that sufficient increased support is not forthcoming, it may seek such further action as it believes required by the circumstances. Applicant will be expected to report to the Commission as to the results of its operations over the Craig-Washington line during the trial period.

Applicant's present operating authority will be restated to reflect the changes herein authorized. The Commission finds that such extensions of service as are provided are required by public convenience and necessity and that service which will be discontinued is no longer required by public convenience and necessity.

Applicant is hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full

^{4/} The increased fare will not apply to transportation provided under school commutation tickets.

^{5/} It appears that studies are being conducted by the City of Pasadena concerning what action, if any, it should take in relation to Pasadena City Lines, Inc.

or partial monopoly of a class of business over a particular route. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

The certificate hereinafter granted shall be subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

In view of applicant's evident need for the service changes and fare increase herein authorized, the following order will be made effective five days after the date hereof.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Pasadena City Lines, Inc., a corporation, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes particularly set forth in Appendix A attached hereto and made a part hereof.

2. The certificate of public convenience and necessity which is granted by this order supersede all certificates of public convenience and necessity heretofore granted to Pasadena City Lines, Inc., which certificates are hereby revoked, said revocation to become effective concurrently with the effective date of the tariff filings required by paragraph 7 hereof.

3. Pasadena City Lines, Inc., is authorized to amend its Local Passenger Tariff No. 17:

- a. To establish an increased intrazone fare of 25 cents cash for the transportation of persons (other than children and students transported under the provisions of Rules 5 and 6, respectively, of said tariff) from, to or between points located along its Route No. 8 (Craig-Washington);
- b. To effect corresponding increases in its interzone fares for the transportation of persons (other than children and students as specified in paragraph a above) from or to points located along its Route No. 8 (Craig-Washington); and
- c. To provide that: (1) scheduled service will not be performed on the following holidays: Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day; (2) the equivalent of Saturday service will be performed on Washington's Birthday and Veterans' Day; and (3) limited schedule service will be performed on New Year's Day.

4. Pasadena City Lines, Inc., is authorized to reduce its service (other than special school service) for the transportation of persons over its Craig-Washington line to one round trip per hour from about 9 a.m. to about 5 p.m. daily with the exception of Sundays and the five holidays named in paragraph 3c(1) above.

5. As a condition to the exercise of the authority herein granted pertaining to the Craig-Washington line, Pasadena City Lines, Inc., shall report to the Commission on the results of its operations for a 90-day period under said authority. Said report shall be filed not later than 30 days after the close of the 90-day period.

6. Tariff publications authorized to be made under authority of paragraphs 3a and 3b above may be made effective not earlier than five days after the effective date hereof on not less than five days' notice to the Commission and to the public.

7. The tariff authority granted by paragraphs 3a and 3b above shall expire unless exercised within ninety days after the effective date of this order.

8. In addition to the required filing of tariffs, Pasadena City Lines, Inc., shall give notice to the public by posting in its vehicles a printed explanation of the fare and route changes herein authorized. Such notices shall be posted not later than five days before the effective date of the fare changes, and shall remain posted for not less than ten days after said effective date.

9. In providing service pursuant to the certificate herein granted, applicant shall comply with and observe the following service regulations:

- (a) Within thirty days after the effective date hereof, applicant shall file a written acceptance of the certificate herein granted. By accepting the certificate of public convenience and necessity herein granted, applicant is placed on notice that it will be required, among other things, to file annual reports of its operations and to comply with and observe the safety rules of the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98-A and insurance requirements of the Commission's General Order No. 101-A. Failure to file such reports, in such form and at such time as the Commission may direct, or to comply with and observe the safety rules, or the provisions of General Orders Nos. 98-A or 101-A, may result in a cancellation of the operating authority granted by this decision.
- (b) Within one hundred twenty days after the effective date hereof, applicant shall establish the service herein authorized and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable filings shall be made effective not earlier than five days after the effective date of this order on not less than five days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the service herein authorized.

(d) The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79 and 98-A.

The effective date of this order shall be five days after the date hereof.

Dated at San Francisco, California, this 22nd day of SEPTEMBER, 1965.

Fredrick B. Helshoff
President

John P. Schille

George H. Trover

Augusta

Commissioners

I dissent. See my
views set forth
separately.
William M. Blum

A. 47580

DISSENT

BENNETT, William M., Commissioner, Dissenting Opinion:

The application herein filed with this Commission on May 11, 1965 does not request a fare increase. The only request before the Commission is to make certain changes in service and reductions thereof. I see no justification for establishing a special high fare for a special route. This is discriminatory and burdensome upon those captive patrons who because of location are committed to patronize the particular route in question. Furthermore as the record herein shows the route which has been gratuitously burdened with a fare increase is not that route which is the heaviest loser in terms of revenue.

The decision is also in error in my judgment or at the very least highly unusual in that it converts a simple request upon the part of an applicant for authority to adjust service to a rate proceeding and the granting of a rate increase. A mere request affecting service is totally different from that calling for a fare increase. Public interest in the latter might have been quite different had the application herein placed the public upon notice that fares were to be increased. I question the arbitrary action of converting an application for service into a fare increase is permitted by the Public Utilities Act and I have no doubt as to its basic unfairness. Accordingly I dissent to the decision herein.

William M. Bennett

San Francisco, California
September 22, 1965

PASADENA CITY LINES, INC.

Appendix A

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CERTIFICATE
of
PUBLIC CONVENIENCE AND NECESSITY

Showing passenger stage operative rights, restrictions, limitations, exceptions, and privileges applicable thereto.

All changes and amendments as authorized by the Public Utilities Commission of the State of California will be made as revised pages or added original pages.

Issued under authority of Decision No. 69719
dated SEP 22 1965, 1965, of the Public Utilities
Commission of the State of California in Application
No. 47580.

PASADENA CITY LINES, INC.

Appendix A

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SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS,
LIMITATIONS, AND SPECIFICATIONS.

The certificate hereinafter noted supersedes all operative authority heretofore granted to Pasadena City Lines, Inc.

Pasadena City Lines, Inc., by the certificate of public convenience and necessity granted by the decision noted in the margin, is authorized to transport passengers between points in the City of Pasadena, on the one hand, and points in the Cities of Sierra Madre, Arcadia, Monrovia, Temple City, Rosemead and Los Angeles and certain unincorporated territories adjacent thereto, on the other hand, serving the termini and all intermediate points along the routes hereinafter described, subject to the following provisions:

- (a) Motor vehicles may be turned at termini and intermediate points, in either direction, at intersections of streets or by operating around a block contiguous to such intersections in accordance with local traffic regulations.
- (b) When route descriptions are given in one direction, they apply to operations in either direction unless otherwise indicated.

Issued by California Public Utilities Commission.

Decision No. 69719, Application No. 47530.

PASADENA CITY LINES, INC.

Appendix A

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SECTION 2. ROUTE DESCRIPTIONS

Subject to the authority of this Commission to change or modify such at any time, Pasadena City Lines, Inc., shall conduct its passenger stage operations over and along the following described routes:

Route No. 1 - Colorado - Arcadia - Monrovia - Rosemead - Temple City - Valley Boulevard - Highland Park

Commencing at the intersection of York Boulevard and Figueroa Street, thence along Figueroa Street, Ruby Street, Avenue 64, Melrose Avenue, Colorado Boulevard, Grand Avenue, Green Street, Orange Grove Boulevard, Colorado Boulevard, Colorado Place (Arcadia), Huntington Drive, First Avenue, Colorado Boulevard, Fifth Avenue, Foothill Boulevard and Shamrock Avenue to Lime Avenue in the City of Monrovia. Return via Lime Avenue, Myrtle Avenue and Foothill Boulevard to Fifth Avenue, thence via the reverse of the going route to Avenue 64 and Ruby Street, thence via Avenue 64 and York Boulevard to Figueroa Street.

Also from the intersection of Rosemead and Colorado Boulevards along Rosemead Boulevard, Arboleta Street, Michillinda Avenue, Foothill Boulevard and Rosemead Boulevard to Colorado Boulevard.

Also from the intersection of Rosemead and Colorado Boulevards along Rosemead Boulevard, Garibaldi Avenue, Temple City Boulevard, Las Tunis Drive, Rosemead Boulevard, Mission Drive, Loma Avenue and Valley Boulevard to Rosemead Boulevard. Return via Rosemead Boulevard to Las Tunis Drive, thence via the reverse of the going route to Colorado Boulevard.

Also from the intersection of Colorado Boulevard and Daisy Avenue, along Daisy Avenue, Foothill Boulevard and Hastings Ranch Drive to Alegria Street.

Note - Operations west of the intersection of Colorado Boulevard and Fair Oaks Avenue will be conducted as a part of Route No. 4 on Sundays and Holidays.

Issued by California Public Utilities Commission.

Decision No. 69719, Application No. 47580.

PASADENA CITY LINES, INC.

Appendix A

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SECTION 2. ROUTE DESCRIPTIONS (Continued)

Route No. 2 - Lincoln - Hill

Commencing at the intersection of Lincoln Avenue and Altadena Drive, thence along Lincoln Avenue, Orange Grove Boulevard, Pasadena Avenue, Colorado Boulevard, Hill Avenue, Woodbury Road and Holliston Avenue to Mendocino Street.

Route No. 3 - Fair Oaks - Lake

Commencing at the intersection of Fair Oaks Avenue and Warpello Street, thence along Fair Oaks Avenue, Colorado Boulevard, and Lake Avenue to Altadena Drive.

Route No. 4 - Los Robles - South Lake

(Weekday and Saturday Route)

Commencing at the intersection of Santa Anita Avenue and Calaveras Street, thence along Santa Anita Avenue, Woodbury Road, Los Robles Avenue, Colorado Boulevard, Lake Avenue, San Pasqual Street, Hill Avenue and Oakdale Street to Allen Avenue. Return via Allen Avenue, and San Pasqual Street to Lake Avenue, thence via the reverse of the going route to point of beginning.

(Sunday and Holiday Route)

Commencing at the intersection of Santa Anita Avenue and Calaveras Street, thence along Santa Anita Avenue, Woodbury Road, Los Robles Avenue, Colorado Boulevard, Orange Grove Boulevard, Green Street, Grand Avenue, Colorado Boulevard, Melrose Avenue, Avenue 64, and York Boulevard to Figueroa Street. Return via Figueroa Street, Ruby Street and Avenue 64 to point of beginning.

Issued by California Public Utilities Commission.

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PASADENA CITY LINES, INC.

Appendix A

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SECTION 2. ROUTE DESCRIPTIONS (Continued)

Route No. 5 - Allen Avenue - West California

Commencing at the intersection of California Boulevard and Arroyo Boulevard, thence along California Boulevard, Fair Oaks Avenue, Colorado Boulevard, Allen Avenue, New York Drive and Altadena Drive to Washington Boulevard. Return via Washington Boulevard to Allen Avenue, thence via the reverse of the going route to the intersection of Grand Avenue and California Boulevard, thence via Grand Avenue, La Loma Road and Arroyo Boulevard to California Boulevard.

Route No. 6 - Marengo - Glenarm - Linda Vista - Oak Grove - Foothill Boulevard

Commencing at the intersection of Foothill Boulevard and Commonwealth Avenue, in the County of Los Angeles, thence along Foothill Boulevard, Foothill Freeway, Michigan Avenue turn-off, Daleridge Road, Alminar Avenue, Baptiste Way, Viro Road, Michigan Avenue, Oak Grove Drive, Berkshire Place, Foothill Freeway, Linda Vista Avenue, Seco Street, Rosemont Avenue, Orange Grove Boulevard, Colorado Boulevard, Los Robles Avenue, and Glenarm Street to Marengo Avenue. Return via Marengo Avenue, Ohio Street, Euclid Avenue, and Alpine Street to Los Robles Avenue, thence via the reverse of the going route to the intersection of Linda Vista Avenue and Seco Street, thence via Linda Vista Avenue, Highland Drive, Foothill Freeway, Berkshire Place, Oak Grove Drive, Michigan Avenue, Viro Road, Baptiste Way, Alminar Avenue, Daleridge Road, Michigan Avenue and Foothill Boulevard to point of beginning.

Issued by California Public Utilities Commission.

Decision No. 69719, Application No. 47580.

PASADENA CITY LINES, INC.

Appendix A

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SECTION 2. ROUTE DESCRIPTIONS (Continued)

Route No. 8 - Washington - Martello - Craig

Commencing at the intersection of Colorado Boulevard and Craig Avenue, thence along Craig Avenue, Villa Street, Martello Avenue, Bridgen Road, Altadena Drive, and Washington Boulevard to Lincoln Avenue.

Also from Washington Boulevard, along Lincoln Avenue to Wyoming Street for school service only.

Also from Martello Avenue, along Cooley Place, Rose Avenue and Woodlyn Road to Altadena Drive for school service only.

Rose Bowl Route - For Special Events Only

Commencing at the intersection of Colorado Boulevard and Fair Oaks Avenue, thence along Fair Oaks Avenue, Lincoln Avenue, Forest Avenue, Westgate Street and Arroyo Boulevard to Rose Bowl Drive.

End of Appendix A

Issued by California Public Utilities Commission.

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